

U.S.-Panama Trade Promotion Agreement Market Access Results

Consumer Goods

Trade and Tariffs

Consumer goods include household appliances, furniture, toys, recreational equipment, precious metals and jewelry, and other miscellaneous household products. The World Trade Organization's Uruguay Round sector agreements on furniture and toys are included within this sector.

Consumer goods accounted for 5.1 percent of U.S. industrial exports to Panama in 2006, totaling \$110 million. The top U.S. exports in this sector were refrigeration parts, jewelry, keyboards, and cameras. Panama's tariffs range between zero and 15 percent with an average of 10.9 percent.

Panama's exports to the United States totaled over \$13 million in 2006, or 6.9 percent of Panama's industrial exports to the United States. Top Panamanian exports were glass containers, non-industrial diamonds, wristwatches, and metal furniture. U.S. tariffs on consumer goods range from zero to 109 percent, with an average of 3.6 percent. All Panamanian exports in this sector enter the United States duty-free under the Caribbean Basin Economic Recovery Act (CBERA) and Caribbean Basin Trade Promotion Act (CBTPA) tariff preference programs.

Tariff Elimination

Tariffs will be phased-out according to four tariff elimination categories: immediate elimination; linear cuts over five years; linear cuts over ten years; and nonlinear cuts over ten years. Tariff elimination under the nonlinear ten-year staging category will proceed with a 3 percent cut in the tariff in years one and two, a 5 percent cut in years three through six, an 18 percent cut in years seven and eight, and a 19 percent cut each in years nine and ten.

For consumer goods, 85.2 percent of U.S. industrial exports will receive duty-free treatment immediately upon implementation of the Agreement. Tariffs on another 6.5 percent of exports will be eliminated over five years, and duties on the remaining 8 percent of U.S. exports will be eliminated over ten years. Tariffs on high-value consumer goods such as refrigeration parts, jewelry, and keyboards will be eliminated immediately upon implementation of the Agreement.

The United States agreed to consolidate all CBERA and CBTPA tariff preferences into the final tariff elimination schedule, therefore all consumer goods exports from Panama will continue to receive duty-free treatment.

Furniture. Panama will eliminate tariffs on 20 percent of U.S. furniture exports immediately. Tariffs on another 3 percent of exports will be eliminated over five years, and duties on the remaining 77 percent of exports will be eliminated over ten years.

Toys. Panama will eliminate tariffs on 92 percent of U.S. toy exports immediately upon implementation of the Agreement. Tariffs on less than 1 percent will be eliminated over five years and the remaining 7 percent over ten years.

Appliances. Panama will eliminate tariffs on 81 percent of U.S. appliance exports immediately upon implementation of the Agreement, and 5 percent within five years. Tariffs on the remaining 13 percent will be eliminated over ten years.

Recreational Goods. Panama will eliminate tariffs on 83 percent of U.S. recreational goods exports immediately upon implementation of the agreement. Tariffs on another 9 percent of exports will be eliminated over five years. Tariffs on the remaining 7 percent will be eliminated over ten years.